

SPERNAK AIRWAYS, INC.

Proposal to provide subsidized Essential Air Service for:
SKWENTNA, ALASKA



TO/FROM:
ANCHORAGE, ALASKA

DOT-OST-2021-0165
January 25, 2022

Spernak Airways, Inc.
Attn: Ben Wilkinson
1707 Merrill Field Drive
Anchorage, AK 99501
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OUR COMPANY

Spernak Airways is a family operated VFR on-demand and scheduled air carrier based out of downtown Merrill Field, Anchorage. Established in 1955 by George Spernak, Spernak Airways has consistently, safely, and successfully provided air service to communities in south central Alaska for over 65 years.

Spernak Airways has a modern base of operation offering convenience and security for passengers and their cargo. Our facility, including a newly constructed 66' x 60' hangar, accommodates passengers, freight handling, and cold/warm storage. A large, gated customer parking lot is available on site for short and long-term parking. Our forklift and cargo carts are available to offload any cargo that arrives. A calibrated drive-on scale offers easy and accurate weighing of cargo for our weight and balance calculations.

We have a solid scheduling platform taking reservations and payment over the phone or in person. Our established reservation service with the Alaska Native Hospital and other travel agencies shows our consistent success in customer service.



OUR FLEET

Our fleet of four 5 passenger seat Cessna 207s (1000# max), and one 2 passenger seat Cessna 172 (500# max) provides multiple cargo/passenger configurations optimizing utility and demand for Alaska's rural residents. Maintained by our inhouse staff of experienced mechanics and equipped with ADS-B in and out for traffic avoidance, our aircraft are operated safely and reliably for all types of Alaskan operations.

The gravel airstrips for the communities we serve often get soft in the spring and fall, or left with snow pack to accommodate ski planes in the winter. Our fleet is equipped with durable fixed gear, oversized nose forks, and oversized tires to allow us year round operation.



OUR STAFF

Spernak Airways employs 10 full-time and part-time pilots with a total accumulation of over 100,000 hours of Alaska flying experience. Our mission, along with the help of our many office staff and ramp agents, is to provide safe and friendly service to our customers. We strive to go above and beyond. We have been there to jump start cars, pick up customers who can't find a ride, and make courier runs for customer's crucial packages. We've loaned our own fuel containers filled with heating fuel or gasoline to customers in dire need. The staff at Spernak Airways have a deep appreciation for the challenges of Alaskan aviation and value safety, customer service, and community.



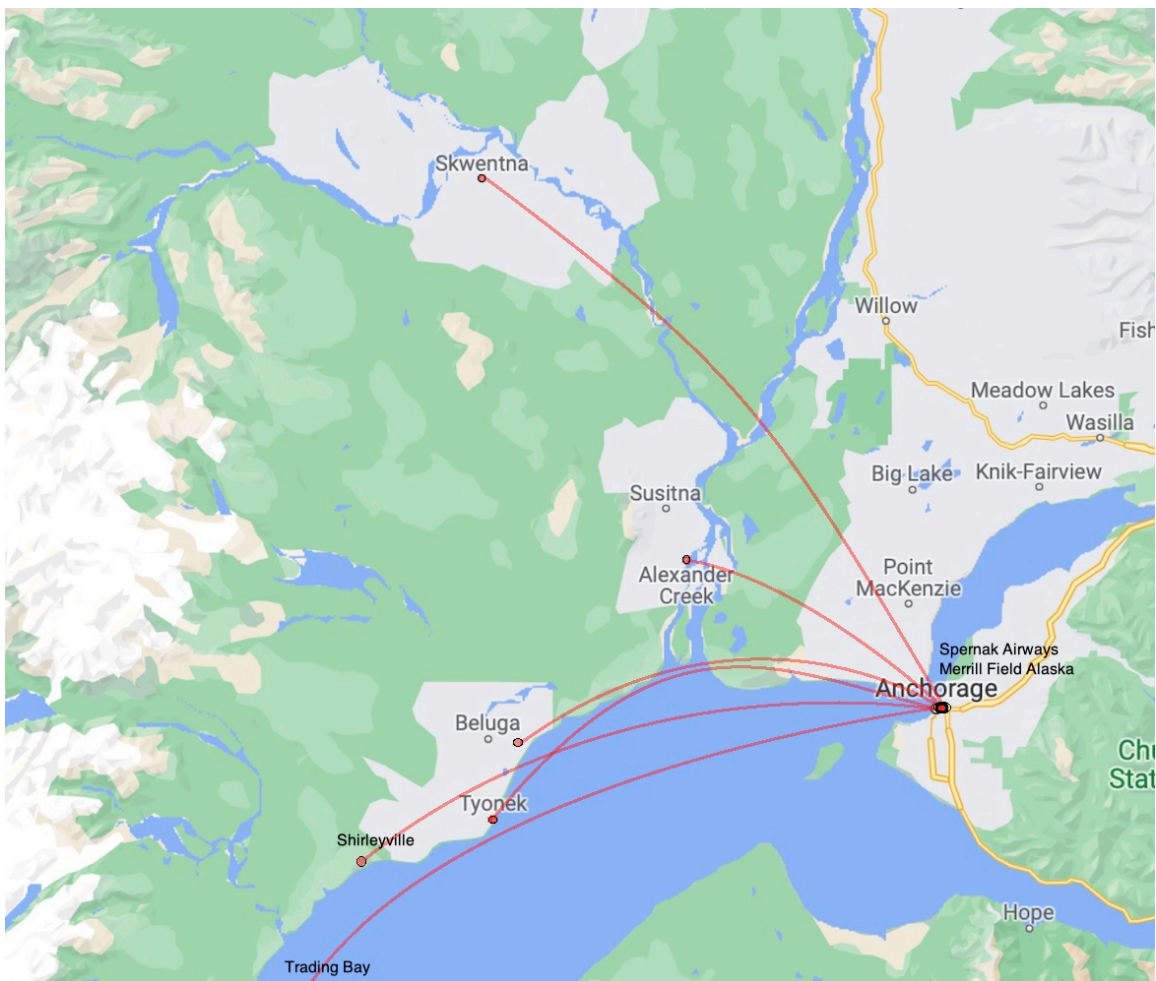
OUR MISSION

Spernak Airways has serviced the communities of Skwentna, Alexander Creek, Tyonek, and Beluga with passenger service, freight, and U.S. mail contracts for 25+ years. We also offer on-demand charters to most destinations in Alaska, as well as flight seeing tours. In all our operations we view our main mission as safely maintaining and supporting the communities we have been servicing daily and weekly for decades.

The communities we serve have no certified weather reporting or IFR approaches. Our proven track record of flying VFR in this region is based on our experience with local weather and emphasis on safe decision making. Alaska's weather can be challenging but we are prepared to deliver when it's safe to do so.

As we are in the process of upgrading our facilities, including a new hangar and office, larger cargo area and new passenger waiting area with handicap accessible amenities, we are building to better serve and accommodate our communities and their residents.

We believe having the Essential Air Service contract for Skwentna would greatly benefit the residents of this community.



ESSENTIAL AIR SERVICE FOR SKWENTNA, ALAKSA

Spernak Airways has held the Skwentna, Alaska U.S. mail contract for over 25 years. This contract is a dedicated mail flight run twice a week on Mondays and Thursdays. As the mail, on many occasions, can take up the entire space of the aircraft, we have also tried to provide passenger and cargo service.

With a EAS subsidy, we shall provide weekly-dedicated scheduled nonstop round-trip flights separate from the mail flights. This will insure adequate passenger and cargo service, reduce airfare and cargo costs, and in turn, increase ridership and service for the community of Skwentna.

In accordance with the Department's request for proposals, Spernak Airways, Inc. here proposes to provide a minimal level of service of two nonstop round-trips weekly during "peak" season and one nonstop round-trip weekly during "off-peak" season between Skwentna and Anchorage, as required to provide this isolated community with minimally adequate transportation service.

Provided are two proposals:

Proposal (A): 2 Weekly nonstop round-trip flights from Anchorage to Skwentna year round.

Proposal (B): 2 Weekly nonstop round-trip flights from Anchorage to Skwentna during "peak" season, and 1 Weekly nonstop round-trip flight from Anchorage to Skwentna during "off peak" season.

The proposals are based on our 5 seat (1000# max) capacity Cessna 207s.

Proposal (A)	<u>Year 1</u>	<u>Year 2</u>
Requested Subsidy	\$53408.21	\$55136.02

Proposal (B)	<u>Year 1</u>	<u>Year 2</u>
Requested Subsidy	\$40069.88	\$41367.40

Detailed cost sheets follow.

SPERNAK AIRWAYS, INC.
 ESSENTIAL AIR SERVICE PROPOSAL (A) TO SKWENTNA, ALASKA FROM
 ANCHORAGE, ALASKA
 DOCKET DOT-OST-2021-0165
 2 NONSTOP ROUND-TRIP WEEKLY FLIGHTS YEAR ROUND

	<u>Year 1</u>	<u>Year 2</u>	<u>TOTAL</u>
WEEKLY FREQUENCY	104	104	208
ROUNDTrip BLOCK MINUTES	70	70	70
ANNUAL BLOCKHOURS	121.3	121.3	242.6
 PROJECTED REVENUES			
PASSENGER SERVICE	\$8,840.00	\$9,730.00	\$18,570.00
FREIGHT REVENUE	\$4,300.00	\$4,930.00	\$9,230.00
TOTAL REVENUE	<u>\$13,140.00</u>	<u>\$14,660.00</u>	<u>\$27,800.00</u>
 <i>VARIABLE EXPENSES</i>			
PILOT COMPENSATION	\$10,007.25	\$10,674.40	\$20,681.65
FUEL AND OIL	\$12,372.60	\$13,343.00	\$25,715.60
INSURANCE	\$9,097.50	\$9,704.00	\$18,801.50
MAINTENANCE	\$8,491.00	\$8,854.90	\$17,345.90
GROUND SUPPORT	\$3,032.50	\$3,275.10	\$6,307.60
OWNERSHIP	\$3,032.50	\$3,032.50	\$6,065.00
TOTAL DIRECT EXPENSES	<u>\$46,033.35</u>	<u>\$48,883.90</u>	<u>\$94,917.25</u>
 ADMINISTRATIVE COSTS	<u>\$17,345.90</u>	<u>\$17,588.50</u>	<u>\$34,934.40</u>
 TOTAL EXPENSES	<u>\$63,379.25</u>	<u>\$66,472.40</u>	<u>\$129,851.65</u>
 5% PROFIT MARGIN	\$3,168.96	\$3,323.62	\$6,492.58
 TOTAL REQUIRED REVENIUES	<u>\$66,548.21</u>	<u>\$69,796.02</u>	<u>\$136,344.23</u>
 REQUESTED SUBSIDY	<u>\$53,408.21</u>	<u>\$55,136.02</u>	<u>\$108,544.23</u>

SPERNAK AIRWAYS, INC.
 ESSENTIAL AIR SERVICE PROPOSAL (B) TO SKWENTNA, ALASKA FROM
 ANCHORAGE, ALASKA
 DOCKET DOT-OST-2021-0165
 2 ROUND-TRIP NONSTOP WEEKLY FLIGHTS DURING “PEAK” SEASON
 1 ROUND-TRIP NONSTOP WEEKLY FLIGHT DURING “OFF PEAK” SEASON

	<u>Year 1</u>	<u>Year 2</u>	<u>TOTAL</u>
WEEKLY FREQUENCY			
(2 WEEKLY ROUND TRIPS “PEAK” SEASON)	52	52	104
(1 WEEKLY ROUND TRIP “OFF-PEAK” SEASON)	26	26	52
ROUNDTrip BLOCK MINUTES	70	70	70
ANNUAL BLOCKHOURS	91	91	182
PROJECTED REVENUES			
PASSENGER SERVICE	\$6,630.00	\$7,297.00	\$13,927.00
FREIGHT REVENUE	\$3,225.00	\$3,697.00	\$6,922.00
TOTAL REVENUE	<u>\$9,855.00</u>	<u>\$10,994.00</u>	<u>\$20,849.00</u>
VARIABLE EXPENSES			
PILOT COMPENSATION	\$7,507.50	\$8,008.00	\$15,515.50
FUEL AND OIL	\$9,282.00	\$10,010.00	\$19,292.00
INSURANCE	\$6,825.00	\$7,280.00	\$14,105.00
MAINTENANCE	\$6,370.00	\$6,643.00	\$13,013.00
GROUND SUPPORT	\$2,275.00	\$2,457.00	\$4,732.00
OWNERSHIP	\$2,275.00	\$2,275.00	\$4,550.00
TOTAL DIRECT EXPENSES	<u>\$34,534.50</u>	<u>\$36,673.00</u>	<u>\$71,207.50</u>
ADMINISTRATIVE COSTS	<u>\$13,013.00</u>	<u>\$13,195.00</u>	<u>\$26,208.00</u>
TOTAL EXPENSES	<u>\$47,547.50</u>	<u>\$49,868.00</u>	<u>\$97,415.50</u>
5% PROFIT MARGIN	\$2,377.38	\$2,493.40	\$4,870.78
TOTAL REQUIRED REVENUES	<u>\$49,924.88</u>	<u>\$52,361.40</u>	<u>\$102,286.28</u>
REQUESTED SUBSIDY	<u>\$40,069.88</u>	<u>\$41,367.40</u>	<u>\$81,437.28</u>